

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF COLUMBINE TELEPHONE)	
COMPANY (DBA TETON TELECOM))	CASE NO. COL-T-03-2
OBJECTION TO ITS ANNUAL REGULATORY)	
FEE FOR CALENDAR YEAR 2003.)	ORDER NO. 29290
)	

On May 12, 2003, Columbine Telephone Company, Inc. (dba Teton Telecom) filed a timely objection to its annual regulatory fee for calendar year 2003. In its objection, Columbine stated that it had over-reported its gross Idaho intrastate operating revenue for calendar year 2002. On May 22, 2003, the Commission issued a Notice of Objection in Order No. 29245. In its Order, the Commission directed the Staff to expeditiously conduct an audit of Columbine to verify the reported revenues. Once complete, the Staff's audit findings were to be provided to Columbine. Order No. 29245 at 3. If Columbine agreed with the results of the Staff's audit, then the parties were to apprise the Commission. If the parties did not reach agreement, then the Commission would schedule a hearing to resolve the dispute.

BACKGROUND***A. The Commission's Regulatory Fee***

The Commission's operating funds are derived by assessing regulatory fees upon utilities and railroads subject to the Commission's jurisdiction. Each year, the Legislature authorizes the Commission to expend funds necessary to regulate and supervise utilities and railroads. *Idaho Code* §§ 61-1002 and 62-611. *Idaho Code* § 61-1003 provides that on or before April 1 of each year, each utility corporation shall report its gross operating revenues from its intrastate operations for the proceeding calendar year. After all the utilities have reported their total intrastate revenues, this cumulative amount is divided by the Legislature's annual appropriation to calculate the assessment rate. For example, for fiscal year 2004 (July 1, 2003 through June 30, 2004), the appropriation attributed to regulating utilities is \$4,433,100. Order No. 29228. The utilities reported gross intrastate operating revenues totaling \$1,721,246,413 for calendar year 2002. Thus, the proportionate share of each utility's regulatory fee is calculated by multiplying the assessment rate of .2384 percent (.002384) times its gross operating revenues. *Id.* The assessment fee for each utility shall not exceed three-tenths of 1 percent (0.3%) of its

gross intrastate revenues, and the minimum fee shall be no less than \$50.00. *Idaho Code* § 61-1004.

Once the utility assessment is determined, the Commission notifies each utility of its regulatory fee no later than May 1 of each year. The regulatory fee may be paid to the Commission in equal semi-annual installments due May 15 and November 15. *Idaho Code* § 61-1005. Any utility may object to its regulatory fee "on or before the time specified for payment of the first installment of the assessment made against it." *Idaho Code* § 61-1007.

B. Columbine's Objection

As mentioned above, Columbine asserts that it over-reported its gross operating revenue for calendar year 2002. In its revenue certification dated March 6, 2003, Columbine reported that its Idaho gross intrastate operating revenue for calendar year 2002 was \$4,145,315.31. Columbine now alleges that this amount inadvertently included \$202,663.73 in operating revenue that was generated in Wyoming and \$1,980,128 received from the federal Universal Service Fund (USF) to support its intrastate operations. With these two adjustments Columbine reports that its gross Idaho operating revenue for 2002 should be \$1,962,523.58. On May 16, 2003, Columbine submitted a check in the amount of \$4,500 for payment of its first installment.

STAFF AUDIT

On June 11, 2003, the Staff forwarded its audit results to the Company. The Staff agreed with the Company that Wyoming revenues were erroneously included in Columbine's reported Idaho revenues. However, the Staff also determined that two other adjustments to Columbine's gross operating intrastate revenues were necessary. First, Staff asserted that Columbine had offset the expenses and revenues in Account 5010 (public telephone revenues). Staff recommended that revenues in the amount of \$3,060 should be reported for this account.

Second, Staff contested Columbine's assertion that USF contributions are not operating revenues. Staff noted that these funds are traditionally treated by the Commission as operating revenues to establish intrastate telecommunication rates. Because these funds are recognized as revenue by both the Commission and the Federal Communications Commission, the Staff asserted that this revenue "should be reported as Idaho 'gross operating intrastate

revenues.”” Audit at 1. The Staff determined that Columbine had received federal USF monies for Idaho operations in the amount of \$1,742,218.

With these two adjustments, the Staff determined that Columbine’s 2002 gross operating intrastate revenue should be \$3,705,876 (a reduction of \$439,439). Based on the 2003 assessment rate of .2384% (.002384), Staff calculated Columbine’s regulatory fee for 2003 as \$8,834.81. Because Columbine already paid \$4,500, Staff calculated that Columbine’s November installment of the 2003 regulatory fee should be \$4,334.81.

In a July 2, 2003 e-mail, Columbine agreed with the Staff’s calculation that the Company’s gross operating revenues for 2002 should be \$3,705,876.

DICUSSION

Given the agreement between the Staff and Columbine, we find the Company’s 2002 gross intrastate operating revenues to be \$3,705,876. Based upon the 2003 assessment rate of .2384% (.002384), we further find that Columbine’s regulatory fee for 2003 totals \$8,834.81. Because Columbine has already paid its first installment in the amount of \$4,500.00, we find that the Company’s November installment of its 2003 regulatory fee is \$4,334.81.

ORDER

IT IS HEREBY ORDERED that Columbine’s objection to its 2003 regulatory fee is partially granted as modified above.

IT IS FURTHER ORDERED that Columbine submit its remaining 2003 regulatory fee in the amount of \$4,334.81 no later than November 15, 2003.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

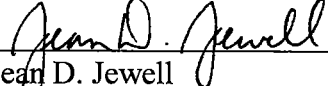
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 9th
day of July 2003.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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